

## Driving Entrepreneurship through MSMEs

MSMEs in India face several challenges such as access to credit and skilled manpower, high input costs, and infrastructural and regulatory bottlenecks, making it difficult for these MSMEs to scale up their business. In a report 'Improving Economic Dynamism and Accelerating MSME growth', Global Alliance for Mass Entrepreneurship, a non-profit organisation in India, suggests that:

- Entrepreneurship is dominated by 'necessity' rather than 'opportunity' and hence, a majority of India's businesses are best classified as 'self-employed'
- Limited local inputs across physical and digital infrastructure, weak supply and demand linkages, and limited access to skilled labor and credit limit the growth of even high potential firms
- In India, entrepreneurship is associated with tech unicorns and billionaires rather than millions of job-creating MSMEs—this focus on tech-oriented businesses discourages 'mass entrepreneurship'; the youth in India primarily aspire for government and private-sector jobs—as a result, entrepreneurship in India is much lower than countries like Thailand and Vietnam (with 7X to 10X higher business registrations rates)

Providing recommendations to help MSMEs "Thrive", the report suggests to:

- Create a pipeline of entrepreneurs by investing in education and incubation by making an entrepreneurship curriculum compulsory in schools, ITIs and colleges, and by promoting tinkering labs, entrepreneurship cells and incubators in every school and college
- Introduce sector-specific initiatives to create a thriving entrepreneurial ecosystem (priority sectors to be identified for each state) by:
  - Setting up land banks/ SEZs with associated physical (plug and play infrastructure, logistics, shared services) and digital (connectivity, marketplace) infrastructure
  - Attracting private anchor investors (Indian and international) to build an ecosystem around these hubs, driving demand to MSMEs, and upskilling labor and technology needs
  - Creating a branding/marketing campaign around local products, quality and infrastructure, and establishing marketing as a shared service for the hub to enable outreach
  - Streamlining access to skilled labor through tie-ups with local institutions for apprenticeship programs, and introducing vocational training around the hub through industry bodies
  - Increasing credit availability through focused angel and VC funds as a PPP initiative, and instituting supply chain finance and digital lending platforms with associated awareness

The report also suggests, apart from fostering a culture of entrepreneurship, it is essential to ensure easy access to critical enablers, e.g., cost-effective access to land (alternative models such as amortization), power (tariff rationalization, open access) and infrastructure, taxation and incentives, and labor availability (digital platforms, training programs) to help MSMEs truly thrive.

### Notifications

**PIB**

Government approves extension of PM-GKAY

<https://pib.gov.in/PressReleasePage.aspx?PRID=1729645>

Cabinet approves merger of CRWC with CWC

<https://pib.gov.in/PressReleasePage.aspx?PRID=1729643>

Agreement between India and Saint Vincent and The Grenadines

<https://pib.gov.in/PressReleasePage.aspx?PRID=1729641>

India attracted US\$ 6.24 billion total FDI inflow during April, 2021

<https://pib.gov.in/PressReleasePage.aspx?PRID=1729819>

Bhutan's TIWB programme launched in partnership with India

<https://pib.gov.in/PressReleasePage.aspx?PRID=1729822>